Fintech and crypto success is making it harder for the rest in tech

Issued by Global Kinetic   3 Oct 2022

South Africa is haemorrhaging vital tech skills to global companies, in some instances hobbling companies in the IT sector. This is being made worse by skills-hungry fintechs and crypto startups which have the VC funding to attract the scarce skills they need, over and above the pandemic, and the resulting normalisation of work-from-home, that has resulted in companies realising that they can find better skills, more cost-effectively, globally. However, a local software engineering company says the answer is more complex than simply offering bigger salaries.

Martin Dippenaar

"While we have been lucky compared to some, the ability to work remotely, boosted by lockdowns, has opened up a whole world of opportunities for our scarce developer, data analysts, data scientist as well as general IT skills, and most local companies simply can't compete with international salaries," explains Martin Dippenaar, CEO at software engineering specialists, Global Kinetic.

Dippenaar's sentiments are backed up by recent studies, including OfferZen's 2022 State of the Developer Nation report, which reports that more than 30% of South African developers are looking to move jobs within the next 12 months. The company also warns that one in five remote South African developers work for companies based in a different city, underpinning the impact of remote work has had on the country's limited skills base.

Dippenaar says the skills crisis has been felt most by medium and smaller companies which can't easily offer the bigger salaries required to keep scarce skills.

"Even the largest companies like Meta and Apple, which have put moratoriums on upper management and C-suite hires are still onboarding engineers. Unfortunately these guys have the capital to hold onto skills and, with this financial clout, can source the skills from anywhere across the globe. In this kind of environment, partnering with a company that can provide managed software delivery services, and who has the staff, becomes especially advantageous," he explains.

Fintech and crypto boom adding pressure

The current reality in the South African technology industry is that in-demand skills are so sought after that workers can pick and choose where they go.

"The market out there is so competitive that we have seen developers leave because they are being offered a salary equivalent to that of a director in smaller companies. We also see the significant growth in fintechs and especially crypto startups exacerbating our current dilemma. In addition, when a tech team member is attracted to global companies the lure of staying long enough to qualify for an EU or other passport is huge, which will prevent them returning to the country in the near future," Dippenaar shares.

The need for skills in the fintech space is huge and Dippenaar says that not only is there a demand, but the firms looking for the skills now have the cash to secure them.

The last quarter of 2021 and early 2022 have been a boomtime for local and continent-wide tech funding, with the total venture capital funding in Africa hitting $1.8bn in the first quarter of 2022 alone – a 150% increase compared with the same period last year, according to Africa-focused database The Big Deal. Moreover, fintechs accounted for 62% of all startup investments last year, according to Briter Bridges.

A new way of incentivising

The lure of foreign shores has been amplified over the last few years with global companies quickly realising just how valuable South African workers are. Dippenaar points out that there are some things that local companies can do to convince a young technologist to stay. It is tricky though when they are being offered a sizable salary increase along with all their relocation costs taken care of – not to mention the added incentive of dual nationality after just five or six years.

The latest stats from McKinsey shows that the main reason for quitting a job (41%) is lack of career advancement, slightly ahead of poor remuneration at 36%.

"Money is always going to be at the top of the list, and one could even argue that people are more comfortable saying it is career advancement when it actually has more to do with money. However, even taking that into account, there are many things a company can do to retain staff. The most important thing is to ensure your staff have a sense of purpose, that they feel valued and that they are in a supportive team environment that will allow them to grow and thrive," Dippenaar shares.

While he acknowledges that these indicators can be harder to cater for, Dippenaar is quick to point out that there is technology that can be used to help IT leaders address their staffing challenges.

"We all know that to make incremental changes we must first have the ability to measure the current and future state of affairs. We have developed Team First, which has been designed to help detect where there are issues inside teams. This may not be the entire solution, but it adds data-based insight that can assist leaders to begin to craft a more holistic value proposition. As a technology company which relies on our skills, the one thing we know for sure is that we must take action to create an environment where all our team members can find meaning and purpose. It will be the differentiator which could ensure our survival," he says.

About Global Kinetic

Global Kinetic is a premium software business with extensive experience and expertise in enterprise grade software engineering and digital transformation projects. Trusted across multiple global industries, and with deep expertise in banking and fintech, Global Kinetic has pioneered innovative solutions to complex enterprise projects for almost 20 years. A matured and perfected managed team approach guarantees high quality and predictability, augmented by unique strategic technology consulting services and software delivery accelerators. With just over 100 permanent employees in Cape Town and Palo Alto, Global Kinetic is an evangelist of agile, cloud, mobile and enterprise software engineering.